

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7044

BILL NUMBER: HB 1514

NOTE PREPARED: Jan 8, 2011

BILL AMENDED:

SUBJECT: Abandoned Structure Liens.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that a person who repairs, cleans up, or maintains a neighboring abandoned structure is entitled to a lien on the property, not to exceed the lesser of: (1) the fair market value of the work performed; or (2) \$10,000. The bill establishes a procedure for creating, filing, and enforcing the lien. The bill provides that the lien has priority over the lien of a lender and over later recorded liens, and specifies that the lien expires if not enforced within one year.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues: *Court Fee Revenue:* A lien may be enforced by filing a complaint in the circuit or superior court in the county where the property with the attached lien is located.

If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures: *County Recorders:* This provision should have a minimal impact on county recorder expenditures. However, recorders may require additional staff time to process liens as

provided by the bill. Recordors would have to send lien notices by first class mail to the property owner on which the lien has been filed.

Background– The bill would apply to liens placed on Class 2 structures. A Class 2 structure is defined in the Indiana Code as either a structure containing one or two dwelling units or an outbuilding of the structure.

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

County Recordors: Recordors would be able to charge, in addition to fees allowed under current law, a \$2 fee from lien claimants for each statement and notice mailed by the recorder.

State Agencies Affected:

Local Agencies Affected: Trial courts, county recordors.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.